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TO RUEHGH/AMCONSUL SHANGHAI 4125
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NOFORN
SIPDIS

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TAGS: PINR ECON CH

SUBJECT: (C/NF) CHINA: KUDOS FOR REPORTING ON CHINA'S REAL ESTATE MARKET (C-AL9-01676)

REF: A. SHANGHAI 000291
B. SHANGHAI 000292

Classified By: MICHAEL P. OWENS, ACTING DIR, INR/OPS. REASON: 1.4(C).

¶1. (C/NF) WASHINGTON ANALYSTS WOULD LIKE TO SEND KUDOS FOR THE TWO EXCELLENT REF REPORTS ON CHINA'S REAL ESTATE MARKET. THE OUTLOOK FOR THE PROPERTY SECTOR IS IMPORTANT FOR CHINA'S ECONOMIC RECOVERY, GIVEN THE LARGE EXPOSURE OF THE BANKING SECTOR TO THIS MARKET, THE LARGE EMPLOYMENT IN REAL ESTATE-RELATED BUSINESS, AND THE IMPLICATIONS FOR GOVERNMENT REVENUE IF THE MARKET COLLAPSES. BOTH REPORTS PROVIDED NEW AND IMPORTANT INFORMATION THAT WILL HELP US ANALYZE CHINA'S ECONOMIC AND FINANCIAL STABILITY OUTLOOK, A KEY INTEREST TO US POLICYMAKERS. DETAILS THAT ARE PARTICULARLY NEW AND IMPORTANT INCLUDE THE LOCAL GOVERNMENT'S PROGRAMS TO BOOST THE MARKET, CENTRAL-LOCAL GOVERNMENT SPLITS ON POLICY, AND WAYS LOCAL GOVERNMENTS OR DEVELOPERS MAY BE TRYING TO FAKE A RECOVERY. WE ALSO GREATLY APPRECIATE THE ASSESSMENTS OF CHINESE EXPERTS ON THE OUTLOOK AND POST'S ANALYSIS OF THE SITUATION ON THE GROUND. ANY FURTHER REPORTING ON THIS TOPIC WOULD BE HIGHLY VALUED. MANY THANKS.

CLINTON